



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

NOT RECEIVED
Release copies to District
Date [REDACTED]
Surname [REDACTED]

Date:

MAY 7 2001

Contact Person:

ID Number:

Telephone Number:

Employer Identification Number [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Code.

The information submitted shows that you were reinstated as a nonprofit corporation by the [REDACTED] on [REDACTED].

Your stated purpose in your Articles of Incorporation is geared towards uplifting the grassroots of racism in [REDACTED]. You are proposing to amend your Articles of Incorporation and have them file with the [REDACTED]. You state that you plan to meet with the new members of Congress and to lobby them concerning your educational purposes. You have submitted an outline of your schedule on planned lectures. You did not submit information as to the educational content of these lectures.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations that are organized and operated exclusively for charitable, educational and religious purposes, no part of the net earnings of which inures to the benefit of any individual.

Section 1.501(c)(3)-1(a) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(c)(3), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. An organization that fails to meet either the organizational or the operational test is not exempt.

Section 1.501(c)(3)-1(c) of the regulations provides that an organization will not be regarded as "operated exclusively" for one or more exempt purposes if more than an insubstantial part of its activities is not in furtherance of a purpose described in section 501(c)(3) of the Code.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet these requirements, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Section 1.501(c)(3)-1(d)(2) of the regulations states that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense. Such terms includes: relief of the poor and distressed or the underprivileged; advancement of religion; advancement of education or science; erection or of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice and to combat community deterioration and juvenile delinquency; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

The presence of a single purpose not described in section 501(c)(3) of the Code, if substantial in nature, will preclude exemption under section 501(c)(3) regardless of the number or importance of truly exempt purposes. See Better Business Bureau v. U.S., 326 U. S. 279 (1945), Ct. D. 1650, 1945 C.B. 375.

Harding Hospital, Inc. v. United States, 505 F.2d 1068 (1974), holds that an organization seeking a ruling as to recognition of its tax exempt status has the burden of proving that it satisfies the requirements of the particular exemption statute. Whether an organization has satisfied the operation test is a question of fact. In this situation the hospital was held not entitled to exemption under section 501(c)(3) of the Code because it limited its admissions and emergency room care substantially to a private group of patients.

In Old Dominion Box Co. v. United States, 477 F.2d 344 (4th Cir. 1973) cert. Denied 413 U.S. 910 (1973), the court held that operating for the benefit of private parties constitutes a substantial non-exempt purpose.

It is incumbent upon an organization seeking recognition of its tax-exempt status to carry the burden of proving that it satisfied the requirements of the particular exemption statute. Whether an organization has satisfied the operational test is a question of fact. See Harding Hospital, Inc. v. United States, *supra*. In addition, activities which directly benefit private interests, if more than insubstantial, will preclude exemption. See Old Dominion Box Co. v. United States, *supra*.

The operating of an organization that gives lectures that are educational is a recognized charitable and educational activity under section 501(c)(3) of the Code. The information that you submitted shows that you will be lobbying members of Congress. In addition, you did not describe the content of your lectures in sufficient detail to show that these lectures are educational within the meaning of section 501(c)(3) of the Code or whether they will contain lobbying activities. Since your lobbying activity and your noneducational purposes may be substantial in nature, it would preclude you from qualifying for recognition of exemption from federal income taxes under section 501(c)(3) of the Code. See Better Business Bureau of Washington, D.C., Inc. v. United States, *supra*. In addition, you have not filed your proposed amended Articles of Incorporation with the District of Columbia. Thus, you do not currently meet the organizational test of qualifying for a section 501(c)(3) organization.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If you do not protest this ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

[REDACTED]

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key district office. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State Officials will be notified of this action in accordance with Code section 6104(c).

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

Internal Revenue Service
[REDACTED] T:EO:RA:T:2
1111 Constitution Ave, N.W.
Washington, D.C. 20224

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

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Terrell M. Berkovsky
Manager, Exempt Organizations
Technical Group 2